

Message Text

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15
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
----- 049413
R 090651Z JAN 74
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 0200
INFO CINCPAC

S E C R E T SECTION 1 OF 2 MANILA 0266

EXDIS

CINCPAC FOR ADMIRAL GAYLER AND ABRAMOWITZ

FROM SULLIVAN

E.O. 11652: GDS
TAGS: EGEN, PFOR, MASS, RP
SUBJECT: FORTHCOMING US-GOP NEGOTIATIONS

1. NOW THAT I HAVE BEEN HERE NEARLY SIX MONTHS, I FEEL IT APPROPRIATE TO RECORD MY ESTIMATE OF THE STEPS WHICH THE UNITED STATES SHOULD TAKE IN ORDER TO ENTER THE "NEW ERA" OF RELATIONS WITH THE PHILIPPINES WHICH PRESIDENT NIXON FORETOLD IN 1969. IN MANILA, IT IS GENERALLY EXPECTED THAT THESE STEPS WILL BE TAKEN BEFORE JULY 4, 1974, WHEN THE LAST LINK OF THE COLONIAL UMBILICAL IS CUT WITH THE EXPIRATION OF THE LAUREL-LANGLEY AGREEMENT.

2. PRESIDENT MARCOS HAS PUBLICLY INDICATED THAT HE EXPECTS TO NEGOTIATE A "PACKAGE" OF AGREEMENTS WITH THE UNITED STATES WHICH WILL INCLUDE (A) TRADE AND INVESTMENT MATTERS, (B) MILITARY BASE RIGHTS, (C) MUTUAL DEFENSE UNDERTAKINGS, AND (D) AN EXTRADITION TREATY. PRIVATELY, HE HAS TOLD ME HE IS PREPARED TO DROP THE EXTRADITION TREATY AND HAS SAID THAT THE OTHER THREE ELEMENTS OF THE "PACKAGE" COULD EACH STAND ON ITS OWN MERITS DESPITE HIS DESIRE TO HAVE THEM INCLUDED
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CONTEMPORANEOUSLY.

3. PREPARATORY WORK FOR THESE NEGOTIATIONS HAS GONE AHEAD DURING 1973, BUT THIS WORK HAS MERELY SERVED TO

DEFINE THE AREAS IN WHICH BOTH THE U.S. AND PHILIPPINE GOVERNMENTS WILL HAVE TO TAKE ACTION OF THE NEGOTIATIONS ARE TO SUCCEED. GIVEN THE CURRENT MONOLITHIC NATURE OF DECISION-MAKING IN MANILA, IT WILL NOT BE DIFFICULT FOR MARCOS TO MOVE RAPIDLY WHEN PHILIPPINE ACTION IS REQUIRED. HOWEVER, GIVEN BOTH THE CONGRESSIONAL AND BUREAUCRATIC SYSTEMS IN WASHINGTON, SIGNIFICANT AND COMPLICATED ACTIONS WILL BE REQUIRED BY THE U.S. IN THIS MESSAGE, I INTEND TO LIMIT MYSELF TO A DESCRIPTION OF THE END PRODUCTS WHICH WILL BE REQUIRED OF WASHINGTON, AND SAVE FOR LATER DIALOGUE ANY DISCUSSION OF THE ACTION PROCESSES INVOLVED. I WILL WISH TO GO INTO MORE DETAIL WITH INGERSOLL, DOOLIN, AND CUTHELL IN THE COURSE OF THEIR PROJECTED VISITS HERE. SUBSEQUENTLY (PROBABLY IN MARCH) I FEEL THAT I WILL NEED CONSULTATIONS IN WASHINGTON IN ORDER TO HAVE A CONCRETE DEFINITION OF THE ULTIMATE U.S. POSITION.

4. STEPS TO BE TAKEN BY THE U.S. IN THE ECONOMIC FIELD
CONSIST OF THE FOLLOWING⁴"

A. AGREE TO A TREATY OF AMITY AND ECONOMIC RELATIONS BASED ON DRAFT SUBMITTED SEPTEMBER 25, BUT MINUS ALL THOSE FEATURES DESIGNED TO ACCORD NATIONAL TREATMENT TO U.S. BUSINESS ENTERPRISES IN SUCH DIMENSIONS AS CONSTITUTE IRRECONCILABLE CONFLICT WITH NEW PHILIPPINE CONSTITUTION, LAW, AND POLICY.

B. AGREE TO AN EXCHANGE OF NOTES CONCERNING RIGHTS DERIVED FROM LAUREL-LANGLEY WHICH ACCEPTS THE CONCEPT OF FILIPINIZATION OF THOSE U.S. BUSINESS ENTERPRISES REQUIRED BY THE NEW PHILIPPINE CONSTITUTION TO HAVE 60 PERCENT FILIPINO OWNERSHIP. ALSO ACCEPT THE CONSTITUTIONAL REQUIREMENTS FOR LAND OWNERSHIP, EXCEPT FOR RESIDENTIAL LANDS ACQUIRED DURING EXEMPT YEARS. OBTAIN GRACE PERIOD, PROBABLY THREE YEARS, FOR
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EXECUTION ON BOTH THESE MATTERS.

C. AGREE TO PROVIDEN BENEFICIARY STATUS OF THE PHILIPPINES UNDER THE GENERALIZED SYSTEM OF PREFERENCES OF THE TRADE REFORM ACT FOR IMPORTS INTO THE U.S. OF COCONUT OIL, COPRA, ABACA, TOBACCO, AND PLYWOOD, NO MATTER WHAT PERCENTAGE OF U.S. IMPORTS MAY ACCRUE TO PHILIPPINE PRODUCTS IN THESE CATEGORIES.

D. RATIFY AND EXECUTE U.S.-PHILIPPINE DOUBLE TAXATION TREATY NEGOTITATED IN 1964.

E. AGREE THAT THE EXECUTIVE BRANCH WILL SEEK AT

LEAST A THREE YEAR EXTENSION OF THE SUGAR QUOTA
LEGISLATION AND THAT THE PHILIPPINES WILL CONTINUE,
DURING THAT PERIOD, TO ENJOY ITS TRADITIONAL SHARE
OF U.S. IMPORTS.

5. ON THE MILITARY SIDE, U.S. STEPS WILL CONSIST OF
THE FOLLOWING:

A. AGREE THAT U.S. TENURE OF MILITARY BASE
FACILITIES IN THE PHILIPPINES WILL BE DEFINED AS TEN
YEARS FROM DATE OF REVISED BASE RIGHTS AGREEMENT, WITH
PROVISION FOR RENUNCIATION BY EITHER PARTY ON ONE
YEAR'S NOTICE AFTER THAT DATE.

B. AGREE TO RETURN TO THE PHILIPPINES APPROXIMATELY
40,000 ACRES OF UNUSED TERRAIN CURRENTLY CONTAINED
WITHIN PERIMETER OF CLARK AIR FORCE BASE.

C. AGREE TO CONTINUE ACTIVE U.S. PARTICIPATION IN
AIR DEFENSE OF THE PHILIPPINES, TO INCLUDE READINESS
MANNING OF RADAR CONTROL SITES AND ADEQUATE INTER-
CEPTOR AIRCRAFT.

D. AGREE TO PROVIDE A COMPATIBLE REPLACEMENT AIR-
CRAFT (PREFERABLY F-5-E) FOR ONE SQUADRON OF OBSOLETE
F-86 AIRCRAFT WHICH WILL BE REMOVED FROM INVENTORY
BEGINNING IN FY 1977.

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ACTION SS-30

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----- 049415

R 090651Z JAN 74
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S E C R E T SECTION 2 OF 2 MANILA 0266

EXDIS

E. AGREE, AS PART OF CONTINUING U.S. MAP PROGRAM,
TO PROVIDE FULL FMS FINANCING FOR COLT M-16 RIFLE
PROJECT, WHICH WILL MAKE THE PHILIPPINE ARMED FORCES
SELF-RELIANT IN THEIR BASIC INDIVIDUAL WEAPON.

F. COMPROMISE WITH THE PHILIPPINES ON THOSE ISSUES
OF TAXATION, IMMIGRATION, AND CRIMINAL JURISDICTION

WHICH HAVE BEEN DEFINED BY THE BI-NATIONAL PANELS ON
BASE RIGHTS.

6. IN RETURN FOR THESE ACTIONS BY THE UNITED STATES, I
WOULD EXPECT THE PHILIPPINES TO TAKE THE FOLLOWING STEPS:

A. AGREE TO AN AMITY AND ECONOMIC RELATIONS TREATY
WHICH ASSURES A CONTINUING ROLE FOR U.S. BUSINESS ENTER-
PRISES IN THE ENORMOUSLY PROFITABLE PHILIPPINE ECONOMY,
ESTABLISHES A SATISFACTORY STATUS FOR U.S. BUSINESSMEN
AND THEIR FAMILIES RESIDING IN THE PHILIPPINES, AND
PERMITS CONTINUOUS U.S. EQUITY INVESTMENT AS WELL AS
MOST FAVORED NATION ACCESS TO THE PHILIPPINE MARKET.

B. AGREE TO A REDEFINITION OF RETAIL TRADE WHICH
WILL REMOVE ANY THREAT THAT INDUSTRIAL SALES OF MAJOR
PRODUCTS WILL BE NATIONALIZED OR THAT U.S. FIRMS WILL
BE DISCRIMINATED AGAINST IN AUTHORIZED COMMERCIAL
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ACTIVITY.

C. AGREE TO AN EXCHANGE OF NOTES WHICH WILL PERMIT
U.S. OWNERS OF RESIDENTIAL PROPERTY TO RETAIN TITLE TO
THAT PROPERTY AFTER JULY 4, 1974 AND DISPOSE OF IT BY
SALE TO FILIP*NOS OR BY HEREDITARY SUCCESSION.

D. AGREE TO A GRACE PERIOD OF AT LEAST THREE YEARS
DURING WHICH U.S. FIRMS WILL BE ABLE EITHER TO
"FILIPINIZE" UP TO 60 PERCENT OF THEIR EQUITY, OR ARRANGE TO
"FILIPINIZE" THEIR COMMERCIAL, INDUSTRIAL, AND
AGRICULTURAL LAND HOLDINGS, PROVIDED THAT THEY ARE
ASS R*D CONTINUED SATISFACTORY ACCESS TO SAME.

E. AGREE TO MORE LIBERAL VISA POLICIES FOR
ALL NON-IMMIGRANT VISA CATEGORIES AND, IN PARTICULAR,
A FOUR YEAR MULTIPLE ENTRY VISA PROVISION FOR U.S.
BUSINES*MEN ON A RECIPROCAL BASIS FOR FILIPINO NATIONALS
HOLDING U.S. VISAS*.

F. RATIF* THE U.S.-PHILIPPINES DOUBLE TAXA*ION
TREATY NEGOTIATE* IN 1964.

G. AGREE TO UNIMPEDED RENT-FREE USE BY THE U.S. OF
MILITARY FACILITIES IN THE PHILIPPINES FOR AT LEAST
TEN*YEARS, SUBJECT THEREAFTER TO A RENUNCIATION
PROVISION OF AT LEA * ONE YEAR'S NOTICE BY EITHER
PARTY.

H. AGREE THAT THE 1951 MUTUAL DEFENSE TREATY AND
THE EISENHOWER-GARCIA, JOHNSON-MACAPAGAL, AND JOHNSON-
MARCOS COMMUNIQUE REMAIN VIABLE AND ARE THE CLEAREST

EXPRESSION OF THE U.S. SECURITY COMMITMENT OBTAINABLE
UNDER PRESENT CONDITIONS.

I. AGREE TO LEAVE 1953 MUTUAL DEFENSE ASSISTANCE
AGREEMENT ESSENTIALLY UNCHANGED, EXCEPT FOR DELETION
ARTICLE 15.

J. COMPROMISE WITH US ON THOSE ISSUES OF TAXATION
IMMIGRATION AND CRIMINAL JURISDICTION AS DEFINED BY THE
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BI-NATIONAL PANELS ON BASE RIGHTS.

K. AGREE TO PROVIDE U.S. WITH CLEAR TITLE AND
POSSESSION OF SMALL TRACT OF LAND AT FORT BONIFACIO
PREVIOUSLY AGREED UPON BUT NEVER HANDED OVER TO U.S.

7. PLEASE PROVIDE ME WITH INITIAL WASHINGTON REACTIONS
TO FOREGOING PROPOSALS NO LATER THAN JANUARY 18, SO THAT
WE CAN PREPARE PACKAGE OF ACTION PROPOSALS TO DISCUSS
WITH ASSISTANT SECRETARY INGERSOLL DURING HIS MANILA
VISIT.
SULLIVAN

SECRET

<< END OF DOCUMENT >>

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